

Revenue
New Issue

Public Facilities Financing Authority of the City of San Diego, California

San Diego Metropolitan Wastewater Department

Ratings

New Issues	
Senior Sewer Revenue Bonds, Series 2009A	AA-
Senior Sewer Revenue Refunding Bonds, Series 2009B	AA-
Outstanding Debt	
Senior Lien Bonds ^a	AA-

^aUpgraded from 'BBB+' on April 14, 2009.

Rating Outlook

Stable

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New Issue Details

Sale Information: Approximately \$454,000,000 Senior Sewer Revenue Bonds, Series 2009A the week of May 4 via negotiation and approximately \$421,425,000 Senior Sewer Revenue Refunding Bonds, Series 2009B the week of May 18 via negotiation.

Purpose: Refund a portion of the wastewater system's outstanding debt, construct wastewater system improvement, fund a debt service reserve, and pay costs of issuance.

Final Maturity: 2039.

Related Research

- *2009 Median Ratios for Water and Sewer Revenue Bonds — Retail Systems, Jan. 28, 2009*
- *2009 Water and Sewer Sector Outlook, Jan. 12, 2009*
- *Public Facilities Financing Authority of the City of San Diego, California, Jan. 8, 2009*
- *Water and Sewer Revenue Bond Rating Guidelines, Aug. 6, 2008*

Rating Rationale

- The city of San Diego wastewater system's (the system) financial performance is good and benefits from prudent formal policies and reserves.
- Leverage ratios are relatively high and will increase moderately over the next few years as the system addresses regulatory requirements, somewhat pressuring financial margins.
- Rates are moderately high but are expected to remain reasonable over the forecast period.
- The service area is broad and diverse.

Key Rating Drivers

- Maintenance of adequate financial margins is key to long-term maintenance of the rating.
- Approval of the full secondary waiver for the system's largest treatment plant over the near term will be critical in keeping leverage ratios in check and limiting the impact to financial performance.

Credit Summary

The 'AA-' rating reflects the system's favorable financial results and expectation of continued sound operations; the relatively high debt levels; rising user charges; and the broad and diverse service area. The system faces regulatory-driven capital needs over the intermediate term, which will lead to rising leverage pressures. This is expected to reduce financial margins somewhat, but both approved and assumed rate increases, along with sound financial policies, should preserve operating flexibility. Capital pressures could increase substantially if the system is required to convert its largest wastewater treatment plant — Point Loma Wastewater Treatment Plant (PLWTP) — to full secondary treatment. However, this is not expected to be a concern in the immediate future.

Capital needs for fiscal years 2009–2013 total nearly \$752 million on an inflated basis, with the majority of costs attributable either directly or indirectly to requirements under a regulatory consent decree. Approximately 80% of funding sources are expected to be derived from debt issuances, which will increase the system's already above-average leverage ratios through the capital improvement plan (CIP) period. While the current CIP addresses substantially all of the capital requirements related to the consent decree, and there are limited growth pressures facing the system, capital costs could escalate substantially in the years following the CIP period if the system is required to convert PLWTP to full secondary treatment standards.

Rating History

Rating	Action	Outlook/ Watch	Date
AA-	Affirmed	Stable	4/23/09
AA-	Upgraded	Stable	4/14/09
BBB+	Affirmed	Positive	3/27/08
BBB+	Downgraded	Negative	5/27/05
A	Downgraded	Negative	2/16/05
AA-	Upgraded	—	6/7/00
A+	Assigned	—	2/12/99

Currently, PLWTP operates under an expired 301(h) waiver of the federal Clean Water Act (CWA); however the waiver is administratively continued until a final decision is made, allowing the facility to treat to advanced primary standards. The city has received a tentative approval from regulators that the waiver will be renewed for an additional five-year period, with the actual permit expected sometime later this year. However, it is likely that sometime after the expiration of the renewed permit, around 2014, additional enhancements to the system will be required, which could include conversion of PLWTP's treatment process to full secondary. While the city will be working with regulators in the intervening time frame to evaluate possible enhancements to the system without such a conversion of PLWTP, if the facility is required to upgrade to full secondary, capital costs are currently forecast to be as high as \$1.5 billion. Fitch Ratings will continue to monitor regulatory developments and assess the possible impact they could have on the system's credit profile.

Financially, the system's performance is good, characterized by upward trends in both annual debt service (ADS) coverage and liquidity over the past five fiscal years. More recently, operating results were enhanced with passage of a four-year package of annual rate hikes by the mayor and city council beginning in fiscal 2007. For fiscal 2008, ADS coverage on senior lien bonds reached 2.1 times (x), while ADS coverage of all system debt was 1.7x. For the same period, liquidity was healthy: days cash on hand and days working capital were both above 520 days.

With the anticipated rise in fixed costs over the fiscal 2013 forecast period, financial margins are expected to face some pressure, but should remain adequate. Over the next five fiscal years, senior lien and all-in ADS coverage is projected to decline somewhat to minimum levels of 1.6x and 1.5x, respectively, including the costs associated with additional debt issuances. Offsetting the decline in ADS, liquidity is expected to remain strong and even improve slightly as the city is planning to increase contributions to base reserves. Projections include moderate annual rate hikes of 4% beginning in fiscal 2011 above the amounts already approved by the mayor and city council through fiscal 2010. While rates for fiscal 2009 are considered relatively high at around 1% of median household income, the level of approved and assumed rate increases should keep rates in the affordability range through the forecast period.

The system provides retail service to around 1.3 million people within the city and also provides wholesale service to approximately 800,000 people in the outlying area. The city's diverse economy is driven by the healthcare, military, tourism, and educational sectors. The city experienced broad economic growth throughout much of this decade, but like many areas across the country the collapse of the housing market and national recession have had an impact on job growth and led to rising foreclosure activity. Likewise, unemployment is rising, with the city's most recent results for February 2009 at 8.8%, up from 5.0% year-over-year.

Legal Provisions

Security: The bonds are senior lien obligations, secured by net system revenues after payment of operations and maintenance (O&M) expenses. In addition to sewer service charges, revenues include connection fees, standby charges, and taxes available for operation. Revenues are also increased or decreased by any transfers from or to the rate stabilization fund, respectively. The authority has transferred all rights to receive payments from the 2009A installment payments to the trustee.

Rate Covenant: The city covenants to set rates and charges that are sufficient to pay all system obligations and cover ADS on senior lien bonds by at least 1.2x.

Additional Bonds Test: Additional senior lien bonds may be issued provided the system

meets both a historical and projected coverage test. The historical test for the senior lien requires net revenues to meet at least 1.2x maximum ADS (MADS) on senior obligations, while the projected test requires projected net revenues over the 12 months following issuance of the parity obligations to be at least 1.2x MADS. Subordinate obligations may be issued provided there is no event of default or termination event that is continuing.

Debt Service Reserve Fund: The debt service reserve requirement is the standard lesser of 10% of bond proceeds, 125% average ADS, or MADS.

Flow of Funds: All system revenues are deposited into the sewer revenue fund and dispersed in the following order of priority:

- For O&M expenses.
- For payment of senior lien obligations and replenishment of any senior lien debt service reserve, if necessary.
- For any lawful system purpose, including payment of subordinate lien obligations and replenishment of any subordinate lien debt service reserve.

Historical Issues

Fitch downgraded the city's tax-backed and lease ratings several times beginning in February 2004 and subsequently began lowering the city's water and wastewater ratings beginning in February 2005 as details regarding the planned underfunding of the San Diego City Employees' Retirement System (SDCERS) became known and political struggles within the city intensified. In March 2008, following the city's release of audited financial statements for fiscal years 2003–2006 and with the financial stability exhibited in these reports and meaningful structural and operating changes implemented by city management, Fitch revised the city's Rating Watch on all city debt, including those of the system, to Positive. Since then the city has released its fiscal years 2007 and 2008 audits, confirming Fitch's expectation that the system's financial position would remain sound. In addition, the city has provided information that the pension and OPEB liability attributable to the system is manageable.

Rate hikes approved by the city council through fiscal 2010 anticipated pension annual required contributions (ARCs) related to the utility of \$14.4 million. However, for fiscal 2009, the system's share of the city's ARC is \$9.3 million, equal to about 4% of the utility's O&M budget. In addition, system costs for fiscal years 2010 and 2011 are expected to continue to be below the original estimates. With the declines in pension assets from current market conditions, the ARC could increase in future years, but it is not expected to materially impact the utility's operating performance.

Similar to pension-related obligations, system OPEB costs appear manageable. Expenses attributable to the system are estimated at \$3.9 million for fiscal 2009 (under 2% of the system's O&M budget) and include funding not only for annual pay-as-you-go costs but also moneys for prefunding of an irrevocable trust. System-related OPEB obligations are expected to remain relatively stable in relation to O&M expenses through at least fiscal 2011.

Wastewater System

Customers

The system provides conveyance, treatment, reuse, and disposal of wastewater to approximately 2.1 million people within the city on a retail basis and 15 participating agencies (PAs) on a wholesale basis. The city accounts for about 65% of flows, with the PAs accounting for the remainder of flows. The service area is diverse, with little concentration

amongst the largest users. Customer accounts within the city for fiscal 2008 were predominantly residential (83% of all connections), followed by multifamily (11%), and commercial/industrial (6%). For the same period, residential customers accounted for about 56% of total sewer service charge revenues, while commercial/industrial equaled 24% and other accounts (including the PAs and other agencies) equaled 20%. Historical growth has been modest, averaging less than 1% annually, and population projections provided by the city and the PAs indicate that this trend is expected to continue for the foreseeable future.

Management

The utility is owned by the city and operated by the city Metropolitan Wastewater Department (MWWDD). The director of public utilities oversees MWWDD as well as the Water Department and ultimately reports to the mayor through the chief operating officer of the city. The city council is solely responsible for setting rates, approving MWWDD's budget, and approving certain contracts. The city also has created the Independent Rates Oversight Committee (IROC), which serves as an advisory body to the mayor and city council on matters relating to operations of the water and wastewater utilities that could impact rates. IROC members are appointed by the mayor and consist of representatives of each rate class and experts in areas pertinent to the operation of the water and wastewater utilities.

Wastewater System

The system is divided into two subsystems: the municipal subsystem (municipal SS) and the metropolitan subsystem (metro SS). The municipal SS serves solely as a municipal sewage collection and conveyance system within the city. The metro SS serves as a regional sewage treatment and disposal system that serves the city and the PAs; flows from PAs are conveyed to the metro SS via the municipal SS. The metro SS includes three wastewater treatment plants (WWTPs) and the Metro Biosolids Center (MBC), a sludge conveyance facility.

The total combined average daily wastewater treatment capacity of the three WWTPs is 285 mgd, compared to approximately 170 mgd in treated flows during fiscal 2008, providing sufficient treatment capacity to meet demands for the foreseeable future. Of the three WWTPs, PLWTP is the largest, it is at the terminus of the system and treats flows not diverted by the other two WWTPs, and it is capable of handling all system flows in the event the other two WWTPs are offline. The other two WWTPs, North City Water Reclamation Plant and South Bay Water Reclamation Plant, divert flows for reclamation purposes. The city also has two contracts with neighboring cities for a small amount of treatment of flows from the municipal SS in the northern portion of the service area.

PLWTP treats wastewater flows to advanced primary standards pursuant to a 301(h) waiver of the CWA, with treated effluent discharged via an ocean outfall to a Y-shaped diffuser approximately 4.5 miles off the coast and at a depth of 320 feet below the surface. PLWTP's discharges are regulated by a joint national pollutant discharge elimination system (NPDES) permit issued by the state regional water quality control board and the U.S. Environmental Protection Agency (EPA). The five-year permit became effective in June 2003 and the current permit continues in force while a renewal application is under review. The city submitted its application in December 2007 and in December 2008 the EPA issued a tentative decision to renew the NPDES permit with the modified secondary treatment waiver under section 301(h) of the CWA; the final permit is anticipated in the summer of 2009.

PLWTP largely operates at secondary treatment standards, except in the area of total suspended solids. While PLWTP consistently meets effluent regulatory objectives and has received numerous awards relating to compliance with federal and state regulations,

regulators have indicated that the proposed waiver is likely to be the last one granted to the city. In the event the city is required to convert PLWTP to secondary treatment standards, current estimated costs range from \$800 million to \$1.5 billion, depending on the treatment methodology and availability of federal land at PLWTP's site. Further, O&M costs are forecast to increase by around \$40 million per year under such a conversion. The city is exploring possible alternatives to full secondary conversion at PLWTP and will convey its findings to regulators over the next few years. Fitch will continue to monitor these developments to determine their impact to the system's credit profile.

For the most part, the system has a good regulatory history and is substantially in compliance with all federal, state, and county regulations. However, there is one consent decree outstanding, dated October 2007, which stems from lawsuits filed in 2001 and 2003 against the city for sanitary sewer overflows. Among the requirements established by the consent decree, the city is to repair or replace 250 miles of sewer pipeline by June 2013, above the amount of line replaced through 2007 when the consent decree became effective. The city is also required to perform improvements at various pump stations and address certain other collection system projects, including cleaning 1,500 miles of pipeline per year. To date, the city has met or exceeded all requirements under the consent decree, although certain extensions for projects have been received due to external issues.

Debt and CIP

In the 1990s, capital expenditures largely targeted critical treatment needs. Beginning around 2000, the city's capital focus shifted to target collection system issues and reduction of sewer spills. The current CIP continues this effort and includes funding of regulatory actions, particularly those required under the consent decree, of which the capital components will be substantially addressed through the current CIP expenditures. With the fiscal years 2009–2013 CIP, projected capital expenditures total just under \$752 million; costs associated with meeting consent decree requirements account for about \$586 million of projected outlays (approximately 78% of the CIP).

Funding for the CIP is expected to be derived predominantly from the series 2009A bonds and other debt issuances (80% of total sources), with the remainder of resources to come from surplus system revenues. All new-money debt is expected to be issued on a senior lien basis, with 30-year terms, and at fixed interest rates; the system has no variable-rate debt or swaps outstanding, and officials do not contemplate utilizing such instruments at the present time. Currently, amortization of system debt is average for the sector, with approximately 38% of debt retiring in 10 years and 83% being paid in 20 years. With the use of extended debt going forward, amortization ratios will decline, which could become a credit issue in the future if they fall significantly below that of other comparably rated credits.

Currently, leverage ratios are moderately high. For fiscal 2008, debt on a per capita basis was more than \$570, while debt per customer exceeded \$2,300. Although anticipated debt issuances through the CIP period will increase leverage ratios further and keep debt levels somewhat elevated, planned issuances are not expected to materially inflate the system's leverage ratios relative to other utilities. However, should the city be required to convert PLWTP to full secondary treatment beyond fiscal 2013, leverage ratios could increase substantially, which would be expected to erode financial margins and rate affordability.

Rates

The system's retail rate structure includes a base rate, uniform commodity charge, and pollutant loading charge that varies by customer class. The commodity charge is based

on 95% of the prior-winter average for residential customers and 95% of actual monthly usage for multifamily customers. The city also assesses a capacity charge for new customers based on equivalent dwelling units. The base fee recovers approximately 16% of overall revenue requirements, while capacity charges have typically represented less than 10% of system revenues. Residential customers are generally billed bimonthly while industrial, commercial, and large multifamily units are billed monthly. Customer utility bills include service for water and wastewater, as well as storm drain fees. Enforcement provisions are typical and delinquencies have been minimal.

PA's service costs are governed by two separate types of contracts. The main contract is the regional wastewater disposal agreements with the PAs, which was signed in 1998 for a term extending to 2050. Under this contract, PAs pay their respective share of planning, design, and construction of metro SS capital costs as well as O&M charges. The charge is calculated annually, billed quarterly, and based on flows and strength of discharges. PAs must also pay a new contract capacity charge for discharges above the existing allotted capacity, but this has not occurred and is not expected to occur until around 2013. The PAs historically have paid these charges in a timely fashion. PAs may only dispute amounts owed after payment of invoiced amounts; no disputes have occurred over the past 13 years. Currently, MWWD is seeking clarification for recovery from PAs for their pro rata portion of the metro SS's share of the operating reserve and debt coverage under the contract. MWWD expects an additional \$15 million to \$20 million in O&M charges will be recovered from the PAs in the near term, but such charges will correspond to decreased collections from municipal SS customers.

The second contract governing PA payments relates to transportation charges paid by the PAs for transportation of wastewater through the municipal SS to the metro SS. Of the 13 agreements with PAs (two of the PAs do not transport sewage through the municipal SS), 11 have expired but the PAs have agreed to continue operations while the new agreements are being negotiated. The new agreements are expected to be finalized in 2009. Transportation revenues are only expected at about \$200,000–\$366,000 annually through fiscal 2013. However, related to transportation charges, MWWD expects to receive \$20 million–\$30 million from its PAs through fiscal 2014 for past municipal SS capital expenditures previously not billed to the PAs.

The city council sets rates without oversight of any other governmental body. In February 2007, the mayor and city council adopted a four-year rate package, with annual adjustments of 8.75% effective in fiscal years 2007 and 2008 and 7.0% in fiscal years 2009 and 2010; no further action is required prior to the fiscal 2010 adjustments becoming effective. In addition to the rate package approved in 2007, the mayor and city council approved two rate increases of 3.05% each, which became effective in November 2007 and May 2008 for all city customers. The adjustments stem from a 2004 court case alleging that the system's prior rate structure overcharged single-family residences for cost of service. In the settlement approved in May 2007, the city agreed to pay \$35 million to this rate class and also pay \$5 million in legal fees. The two rate hikes were adopted to pay for these settlement costs. While all customers pay the increased charges, a rate rebate is given to eligible single-family residences with the net effect of the agreement and rate increases expected to be revenue neutral. The rates are expected to sunset in fall 2011.

With the rate increase for fiscal 2009, residential charges are now at 1.0% of estimated median household income (MHI). With the approved 7% hike for fiscal 2010 and assumed 4% annual hikes in fiscal years 2011–2013, residential charges should remain at about 1% MHI, Fitch's affordability threshold. However, rate flexibility could decrease substantially if the system is forced to convert PLWTP to full secondary treatment given the costs of such a conversion and the fact that these costs have not been factored into the current rate base.

Finances

Financial Summary

(\$000, Audited Fiscal Years Ended June 30)

	2004	2005	2006	2007	2008
Balance Sheet					
Unrestricted Cash and Investments	218,531	174,763	177,495	205,229	291,240
Accounts Receivable	26,301	31,320	30,040	35,746	37,627
Other Current Unrestricted Assets	690	1,686	2,037	2,760	1,645
Current Liabilities Payable from Unrestricted Assets	(81,477)	(113,664)	(87,097)	(71,311)	(32,480)
Net Working Capital	164,045	94,105	122,475	172,424	298,032
Net Fixed Assets	2,839,280	2,854,857	2,841,393	2,852,648	2,829,787
Net Long-Term Debt Outstanding	1,215,330	1,187,603	1,167,506	1,222,737	1,188,901
Operating Statement					
Operating Revenues	267,294	288,972	290,568	304,749	328,119
Non-Operating Revenues	10,371	1,115	10,909	6,659	20,358
Connection Fees	15,572	18,829	18,561	16,628	11,861
Gross Revenues	293,237	308,916	320,038	328,036	360,338
Operating Expenses (Excluding Depreciation)	(194,809)	(202,182)	(200,006)	(190,250)	(201,650)
Depreciation	(62,162)	(74,863)	(64,922)	(69,696)	(71,138)
Operating Income	36,266	31,871	55,110	68,090	87,550
Net Revenues Available for Debt Service ^a	98,428	106,734	120,032	137,786	158,688
Senior Lien Debt Service Requirements	77,050	77,055	77,052	77,055	77,055
Total Debt Service Requirements	81,516	84,789	86,802	96,408	94,555
Financial Statistics					
Senior Lien Debt Service Coverage (x)	1.3	1.4	1.6	1.8	2.1
Total Debt Service Coverage (x)	1.2	1.3	1.4	1.4	1.7
Days Cash on Hand	409	316	324	394	527
Days Working Capital	307	170	224	331	539
Debt to Net Plant (%)	43	42	41	43	42
Outstanding Long-Term Debt per Customer (\$)	2,448	2,377	2,326	2,408	2,305
Operating Margin (%) ^b	27	30	31	38	39

^aEquals gross revenues less operating expenses. ^bEquals operating revenues less operating expenses divided by operating revenues. Note: Numbers may not add due to rounding.

Financial performance has shown steady improvement over the past several years, characterized by ascending ADS coverage, liquidity, and cash flow margins. These improvements largely have been driven by the limited increase in outstanding debt as well as the adopted rate hikes. Since fiscal 2004, senior lien ADS rose from 1.3x to 2.1x in fiscal 2008. Likewise, all-in ADS increased from 1.2x to 1.7x over this period. Liquidity, which remained consistently healthy, improved from 409 days cash on hand and 307 days working capital in fiscal 2004 to 527 days cash on hand and 539 days working capital in fiscal 2008. While free cash to depreciation is relatively weak, it rose from just 15% in fiscal 2003 to a more acceptable 81% for fiscal 2008.

Through the fiscal 2013 forecast period, ADS coverage is expected to be pressured from rising fixed costs and moderate assumed increases to rates. As a result, senior lien ADS is forecast to decline to 1.6x and all-in ADS to 1.5x by fiscal 2013. However, through this period liquidity should remain very good and base reserves should even increase somewhat as the city is planning to add to its operating reserve and rate stabilization fund.

The city maintains formalized reserve policies that enhance the system's likelihood for continued stable performance. Overall, the city has established an unallocated reserve, an operating reserve, a rate stabilization fund, a capital improvement program reserve, and a

dedicated reserve from efficiency and savings (DRES). The unallocated reserve is budgeted annually for unanticipated expenditures, either operating or capital; this reserve is budgeted at \$3.4 million for fiscal 2009. The system's operating reserve is created for catastrophes that would prevent the utility from operating normally. Currently, the \$32.3 million balance is equal to around 50 days of operating expenditures and is expected to increase to \$48.9 million (approximately 70 days) by fiscal 2013.

Financial Projections

(\$000, Fiscal Years Ending June 30)

	2009	2010	2011	2012	2013
Operating Revenues	352,248	383,274	411,209	428,621	447,745
Non-Operating Revenues	14,803	16,006	17,390	18,865	20,657
Connection Fees	11,022	5,180	5,228	5,286	5,334
Gross Revenues	378,073	404,460	433,827	452,772	473,736
Operating Expenses	(217,938)	(232,562)	(244,450)	(252,842)	(261,440)
Net Revenues Available for Debt Service	160,135	171,898	189,377	199,930	212,296
Senior Lien Debt Service Requirements	77,056	106,256	106,258	120,077	133,022
Total Debt Service Requirements	94,306	112,315	112,316	126,135	139,080
Senior Lien Debt Service Coverage (x)	2.1	1.6	1.8	1.7	1.6
Total Debt Service Coverage (x)	1.7	1.5	1.7	1.6	1.5

Note: Numbers may not add due to rounding.

The rate stabilization fund is to be maintained at 20% of system revenues less operating and nonoperating expenditures. The balance for fiscal 2009 is \$19.3 million, increasing to \$21.3 million in fiscal 2010. The capital improvement program reserve is budgeted at \$5.0 million and is restricted to capital expenditures. Finally, the DRES is a reserve established to track funds from increased efficiencies, changing priorities, or other actions that reduce CIP costs. Moneys may be used for accelerating CIP schedules and offsetting future rate hikes. Any savings not required for reserve policy compliance are transferred to the DRES annually. After four years, funds transferred into the DRES and not used for capital expenditures will be used to lower rates. As of April 2009, the DRES balance was \$21.2 million. City projections conservatively do not forecast a balance in the DRES beyond fiscal 2009.

Economy and Tax Base

San Diego's economy is marked by a diverse employment base with strong underpinnings in tourism, the military and related industries, and more recently, biotechnology. In recent years a construction boom, focused on housing and hotels, has fueled sizable assessed value and median home price gains. By the second quarter of 2006, the San Diego metropolitan area's (MSA's) median single family home price was more than triple that of the 1990s, rising to \$613,100. However, by the third quarter of 2008 the median sale price fell 38% to \$377,300 and continued to fall to \$332,800 in the fourth quarter.

Housing figures for the city alone are not available, but reports indicate that the most severe losses are in the surrounding areas. Despite the slowing housing market, the city's tax base continued to post positive gains, growing 6.5% for fiscal 2009. Nevertheless, a substantial number of assessment appeals have been filed that could reduce this figure. The MSA's relatively high share of negative amortization mortgages, more than double that of the U.S. average, could be a contributing factor to further residential market deterioration. In contrast, the area's exposure to subprime mortgages is less than one-half that of the U.S. average.

Despite declines in construction and financial service jobs, the city's employment base rose in 2007, albeit at a slower pace than in prior years. For 2008, the employment base continued to grow, but only negligibly, expanding at just 0.05% for the year. San Diego's unemployment rate remains below the state average, but beginning in 2008 monthly levels exceeded or were on par with that of the U.S. The city benefits from relatively high income levels, unusual for a central city with an above-average share of retirees.

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